

Power utility Hrvatska Elektroprivreda's project to build a new gas-fired combined-cycle gas-turbine plant to replace old and worn-out units at the EL-TO Zagreb combined heat and power site will be backed with a total of EUR 130 million in lending from the European Bank for Reconstruction and Development and the European Investment Bank.

The project to build the new highly efficient combined-cycle power plant will include the installation of two low-NOx gas turbines, two heat recovery steam generators, and one back pressure steam turbine producing heat and electricity. The capacity of the new CCPP will be 150 MW of electrical energy and 114 MW of thermal energy, with lower greenhouse gas emissions, the EBRD said in a news release.

The new units will be fueled by low-emission gas and generate electricity for the grid and heat for district heating in north-western Zagreb, replacing obsolete, mostly heat-only, gas- and oil-fired units. The investment will ensure the facility complies with the EU's Industrial Emissions Directive.

On July 24, HEP signed the loan agreements with the EBRD and EIB, as well as an engineering, procurement, and construction agreement and a long-term service agreement with Italy's FATA, part of Danieli Group, according to a news release from the Croatian energy company. Preparatory works are under way, while the construction works should be completed by the end of 2021, HEP said.

The loan financing will be split between the EBRD with a EUR 87 million loan and the EIB with EUR 43 million. A special feature of the financing is that the EIB loan will be guaranteed by the European Fund for Strategic Investments, which is the central pillar of the Investment Plan for Europe ("Juncker Plan"). The EFSI support makes it possible to provide loan conditions aligned to the economic lifetime of the financed asset and is expected to act as a catalyst in bringing in private sector banks, according to the EBRD's news release.

"This innovative operation supported by the EIB, the Investment Plan for Europe and the EBRD will improve the quality of life of the citizens of Zagreb by reducing pollution levels and ensuring reliable supply to the city's district heating network. It will help reach efficiency targets and provide a source of electricity from highly efficient cogeneration," EIB Vice President Dario Scannapieco said.

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